ORIGINAL

DOCKET FILE COPY ORIGINAL

RECEIVED

AUG 28 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	CC Docket No. 97-158
Southwestern Bell Telephone Company	)	
	)	Transmittal No. 2633
Tariff F.C.C. No. 73	)	

OPPOSITION TO DIRECT CASE

WILLKIE FARR & GALLAGHER
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20036
(202) 328-8000

ATTORNEYS FOR TIME WARNER
COMMUNICATIONS HOLDINGS INC.

August 28, 1997

TABLE OF CONTENTS

PAGE

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	CC Docket No. 97-158
Southwestern Bell Telephone Company	)	
	)	Transmittal No. 2633
Tariff F.C.C. No. 73	)	

OPPOSITION TO DIRECT CASE

Time Warner Communications Holdings Inc. ("TWComm"), by its attorneys, hereby files its Opposition to the Direct Case submitted by Southwestern Bell Telephone Company ("SWBT") in support of the above-captioned tariff revisions.[1]

I. INTRODUCTION AND SUMMARY

Stripped of its non-essential aspects, this tariff investigation concerns a single issue: whether the Commission should adopt, in this proceeding, the competitive necessity doctrine as the standard for determining dominant incumbent LECs' eligibility to file interstate access tariffs based on responses to requests for proposals ("RFPs"). The Commission should do no such thing. The question of whether and under what conditions ILECs should be permitted to offer RFP tariffs is currently being considered by the Commission in its access charge reform docket.[2]

---

1 The SWBT Direct Case was submitted in response to the Commission's Designation Order in this proceeding. See Southwestern Bell Telephone Company Tariff F.C.C. No. 73, CC Docket No. 97-158, Transmittal No. 2633, Order Designating Issues for Investigation (released July 14, 1997) ("Designation Order").

2 See Access Charge Reform, Notice of Proposed Rulemaking and Third Report and Order, 11 FCC Rcd 21354, 21439-21440 (1996) ("Access Charge NPRM").

Any decision on this issue must be made in that proceeding. SBC's attempted end-run around the rulemaking process must not be permitted.

When the Commission does consider this issue in the Access Charge proceeding, it should reject the competitive necessity standard as the test for determining whether carriers may offer RFP tariffs or any other form of discriminatory pricing. Rather, the Commission should follow a modified version of the standards discussed in the Access Charge NPRM for considering ILEC pricing flexibility. Finally, regardless of the standard applied, SWBT has not provided adequate support in its Direct Case for its request to offer RFP tariffs.

II. THE COMMISSION SHOULD DECIDE THE POLICY ISSUES RAISED BY THE DIRECT CASE IN THE ACCESS CHARGE REFORM PROCEEDING.

As the parties that filed petitions to reject Transmittal No. 2633 have pointed out, this is the wrong proceeding to consider the application of the competitive necessity doctrine.[3] In the Access Charge NPRM, the Commission proposed to permit ILECs to file RFP tariffs in markets where the barriers to entry have been lowered.[4] The Commission sought comment on the manner in which this proposal relates to its broader approach to the development of local competition. The proposal must continue to

---

[3] See Sprint Petition at 6; AT&T Petition at 5 n.12; MCI Petition at 2, 6.

[4] See Access Charge NPRM at 21439.

be reviewed in that context, rather than in the instant, narrowly-defined tariff proceeding.

The question of whether and when ILECs should be permitted to file RFP tariffs implicates many issues beyond the scope of this proceeding. For example, in proposing to permit ILECs to file RFP tariffs after what it termed Phase I of its market-based plan for lowering access rate levels, the Commission recognized that, "competition may not yet be sufficient to constrain the incumbent LECs from raising prices unreasonably for those customers not under contract tariffs."[5] The Commission therefore proposed to remove contract carriage service (including RFP contracts) when calculating the actual price indices. As TWComm explained in its comments filed in response to the Access Charge NPRM, this is a helpful but insufficient protection against cross-subsidy and strategic pricing. Nevertheless, the Commission's proposal reflects the broad implications of any decision to permit RFP tariffs. Those implications and required adjustments can only be made in the access charge proceeding.

More broadly, the decision as to whether ILECs should be permitted to file RFP tariffs implicates the Commission's oversight of the introduction of interstate access competition and the concomitant elimination of subsidies embedded in the interstate access rates. SWBT's request must be considered in that broader context. Otherwise, the Commission's decision in this proceeding could undermine access charge reform by granting

---

[5] See id.

SWBT an opportunity for pricing flexibility before the plan would otherwise permit.

Finally, the expedited comment schedule and limited right to appeal[6] in tariff proceedings leave parties without an adequate opportunity to participate in the formation of even the policy issues that are properly before the Commission in this proceeding. The opportunity for comment is especially limited in a context such as this in which the cost support materials submitted by SWBT are treated as confidential and, without a time-consuming and uncertain FOIA request, are unavailable to the commenting parties. Tariffs are also especially inappropriate for general rulemaking proceedings since they concern only one carrier's proposal and therefore offer no record on the broader industry implications of a particular rule. Thus, the issues raised by Transmittal No. 2633 cannot be resolved in the instant investigation.

III. THE COMMISSION MUST ADOPT A SUBSTANTIAL COMPETITION STANDARD FOR RFP TARIFFS.

In its Direct Case, SWBT argues that the competitive necessity doctrine provides an exception to all of the Commission's rules governing the prices dominant LECs may charge for interstate access services. According to SWBT, all FCC-established restrictions on ILEC pricing flexibility (including those dealing with individual case basis or "ICB" tariffs,

---

6 See American Broadcasting Cos. v. FCC, 682 F.2d 25, 30 (D.C. Cir. 1982) ("'this court lacks jurisdiction to review an FCC order refusing to reject or to suspend and investigate a tariff filing'") (citations omitted).

contract tariffs and geographic averaging) are inapplicable where the competitive necessity doctrine can be met. To do otherwise, argues SWBT, is to fail to apply the doctrine "consistently with the Commission's other orders, rules and policies."[7] SWBT concludes that it has met the relevant standard, since CAPs (including TWComm) offer lower priced high capacity service in Houston and Dallas.

When the Commission considers this issue (in the access charge proceeding), it must reject this argument. SWBT fails to account for the obvious fact that the absence of any precedent for applying the competitive necessity test to ILECs gives the Commission full discretion to decide whether to apply this doctrine in the instant case. Moreover, the competitive necessity standard is completely inappropriate for either ILEC RFP tariffs in particular or ILEC pricing flexibility in general.

A. The Direct Case Raises Important Policy Issues For The Commission.

In its initial decision to permit AT&T pricing flexibility under the competitive necessity doctrine, the Commission did not say whether it would apply this doctrine to dominant LECs.[8] Moreover, as the Commission stated in its Designation Order, this doctrine has never been applied to ILECs.[9] Notwithstanding SWBT's arguments to the contrary, it is simply unclear from

---

7 See Direct Case at 2.

8 See Private Line Rate Structure and Volume Discount Practices, Report and Order, 97 FCC 2d 923, 948 (1984).

9 See Designation Order at ¶ 24.

Commission precedent whether this doctrine applies to SWBT. In such a case, it is well within the Commission's discretion to interpret the application of its own rules, and courts will grant the agency substantial deference when it does so.[10]

Contrary to SWBT's view, the most logical interpretation of Commission precedent is that any request for the right to file RFP tariffs must meet the standard the Commission applied when it permitted AT&T to file contract-based tariffs.[11] This is the more relevant precedent, since the Private Line Rate Structure proceeding in which the Commission applied the competitive necessity doctrine to permit AT&T to charge below-tariff rates concerned volume discounts, not RFP tariffs.

In the AT&T contract tariff proceeding, the Commission based its decision on the judgment that AT&T faced substantial competition for the business services at issue in that case.[12] In reaching this determination, the Commission went beyond the

---

10 See e.g., Udall v. Tallman, 380 U.S. 1, 16 (1965) ("When the construction of an administrative regulation rather than a statute is in issue, deference is even more clearly in order"); General Carbon v. Occupational Safety & Health Review Comm'n, 860 F.2d 479, 483 (D.C. Cir. 1988) ("petitioner, in asserting that the agency has misconstrued its own standards, has assumed a heavy burden. An agency's interpretation of its own regulations will be accepted unless it is plainly wrong") (citations omitted).

11 As the Commission stated in the Access Charge NPRM, RFP tariffs are a form of contract tariff. See Access Charge NPRM at 21439 ("[a] competitive response tariff is a contract tariff that a LEC initiates when it responds to a competitor's offer to an end user, or in response to a request for proposal").

12 See Competition in the Interstate Interexchange Marketplace, Report and Order, 6 FCC Rcd 5880, 5887 (1991).

scope of a competitive necessity doctrine inquiry to consider demand and supply elasticities, whether AT&T had exceeded the price cap ceiling for the relevant price cap basket and market share. Given that this standard was applied to contract-based tariffs in the past, the Commission has the burden of explaining why it should not be applied to the ILECs. Indeed, as TWComm explained in its comments in the access charge proceeding,[13] it would be sound policy to apply a substantial competition test to RFP tariffs.[14]

Even assuming arguendo that the Commission's previous unqualified statements regarding the application of the competitive necessity doctrine make it applicable to ILECs, the Commission may announce (in the Access Charge Reform proceeding)

---

13 TWComm has modified its position slightly since filing access charge comments, as reflected in TWComm's Ex Parte submission in that proceeding. See Ex Parte presentation of Time Warner Communications Holding Inc. in CC Docket Nos. 96-262, 94-1, 91-213, 95-72, July 22, 1997. Those slight changes do not affect TWComm's original position that contract-based/RFP tariffs should not be permitted until an ILEC faces substantial facilities-based competition.

14 The test will have to be adjusted when applied to the local market to account for the ILECs' control over bottleneck facilities. In addition, as explained in TWComm's comments in response to the Access Charge NPRM, the standard for ILEC pricing flexibility must incorporate an incentive-based element. See Comments of Time Warner Communications Holdings Inc. in CC Docket Nos. 96-262, 94-1, 91-213, 96-263 (January 29, 1997). Under this approach, ILECs must demonstrate, in phases, that entry barriers to the entire local market have been removed and that competition for a particular service (and other services provided over the same facilities) has developed before the appropriate pricing flexibility will be granted. RFP pricing should be permitted only at the last phase of this incentive-based approach.

that it is changing this rule.[15] It is hornbook law that an administrative agency may change its rules so long as the agency provides a reasonable and well-supported basis for doing so.[16] As explained, infra, there are extremely good reasons for reaching this conclusion.

B. The Competitive Necessity Doctrine Cannot Be Applied Sensibly To The RFP Context.

In reviewing SWBT's previous RFP tariff proposal, the D.C. Court of Appeals held that the Commission had not adequately explained its decision to reject those transmittals (numbers 2433 and 2449). Nevertheless, that proceeding and the Court's decision reveal how difficult it is to apply the competitive necessity test to the RFP context.

In reviewing Transmittal Nos. 2433 and 2449, the Commission held that, even assuming that the competitive necessity test applied to ILECs,[17] SWBT had failed to meet the first prong of

---

15 The instant proceeding should simply be incorporated into the Access Charge Reform proceeding.

16 See NAACP v. FCC, 682 F.2d 993, 998 (D.C. Cir. 1982) ("Agencies may modify or repeal existing policies and rules as the conditions which they address change . . . . But where policy has been altered, the court should be satisfied both that the agency was aware it was changing its views and has articulated permissible reasons for that change, and also that the new position is consistent with the law").

17 Under the competitive necessity test, the petitioning party must show that (1) an equal or lower pricing competitive alternative is generally available to customers of the discounted offering; (2) the terms of the discounted offering are reasonably designed to meet competition without undue discrimination; and (3) the volume discount contributes to reasonable rates and efficient services for all users. See Private Line Rate Structure and Volume Discount Practices, Report and Order, 97 FCC 2d 923, 948 (1984).

that test.[18] The Commission observed that SWBT had stated, as it has in the instant Direct Case,[19] that the mere existence of a request for proposal by itself demonstrated the existence of lower-priced competitive alternatives (the first prong of the standard). The Commission rejected this argument because only the *responses* to an RFP would determine whether the alternatives were priced below SWBT's tariff.[20] The Court of Appeals found that the Commission's analysis placed SWBT in "a classic Catch-22 situation -- it must either obtain competitors' rates, which may violate the antitrust laws, or lose competitive bids."[21] The Court therefore remanded the proceeding to the Commission "for a more coherent, and perhaps more forthright, explanation of its actions."[22]

The incoherence the Court perceived in the Commission's the review of Transmittal Nos. 2433 and 2449 arises from the incompatibility of the competitive necessity test and RFP tariffs. Especially now that competitive access providers are

---

18 See Southwestern Bell Telephone Company, Order Terminating Investigation, 11 FCC Rcd 1215, 1220-1221 (1995).

19 While SWBT has complied with the Commission's request for CAP tariffed rates (submitting TWComm and MFS tariffs), SWBT reiterates its position that the existence of an RFP alone satisfies the first prong of the competitive necessity test. See Direct Case at 11.

20 See Southwestern Bell Telephone Company, Order Terminating Investigation, 11 FCC Rcd 1221.

21 See Southwestern Bell Telephone Co. V. FCC, 100 F.3d 1004, 1007 (D.C. Cir. 1996).

22 See id. at 1008.

not required to tariff their interstate offerings, it will be all but impossible for SWBT to satisfy the first prong of the test in the RFP context (without running the risk of violating the antitrust laws). The lesson to be taken from this fact is not that SWBT has failed to meet the requirements of the test (although that is certainly true for other reasons described below). Rather, the lesson is that the competitive necessity standard is *an inappropriate standard* for determining whether ILECs should be permitted to file RFP tariffs. The Commission should instead adopt a standard under which SWBT and other ILECs can demonstrate that competitive conditions are in general adequate to permit them to file RFP tariffs on a going-forward basis.

C. The Competitive Necessity Doctrine Is In General An Inappropriate Standard For Determining When To Grant ILECs Further Pricing Flexibility

Beyond particular problems associated with its application to RFP tariffs, the competitive necessity doctrine is inappropriate for determining the level of pricing flexibility that should be granted to ILECs. The manner in which ILECs receive pricing flexibility implicates policy issues that are not accounted for under the competitive necessity doctrine.

First, unlike AT&T after divestiture, ILECs are the sole suppliers of facilities essential to the success of their competitors. Adequate and reasonably priced collocation arrangements provided by the ILECs, for example, are essential to CAP competition. Moreover, efficient CLEC entry depends on access to a whole range of ILEC essential facilities (operations

support systems or "OSS" being only the most prominent) on adequate terms and prices. As the case of OSS illustrates, these arrangements often involve complex interconnection relationships that offer many opportunities for discriminatory treatment.[23]

Under these market conditions, ILEC cooperation in providing access to essential facilities is necessary for competition to develop. Without such cooperation, ILECs would provide themselves with technically superior access to their own facilities.

Of course, no monopolist voluntarily relinquishes its market position. As the Commission well knows, the ILECs have a long history of resisting the development of competition by degrading the quality of competitors' interconnection. Indeed, the Michigan and Oklahoma Section 271 proceedings and the comments filed in support of the LCI and CompTel petition for rulemaking on OSS[24] provide only the most recent (although numerous) examples of this kind of resistance to entry. Even where ILECs

---

23 It is important to note that obtaining ILEC cooperation is necessary but often insufficient to remove all entry barriers. For example, building owners have little or no incentive to cooperate with TWComm in setting reasonable terms and prices for the termination of TWComm's circuits. The result is that building owners often try to charge TWComm extremely high rates for building access. Because of their established position in the market, however, SWBT does not face this problem. Thus, TWComm has often had no choice but to hand off traffic to SWBT at a node for termination to the end user. Access and local competition cannot continue to develop if new entrants must continue to rely on incumbents in this manner.

24 See Petition for Expedited Rulemaking for Operations Support Systems of LCI and CompTel, CC Docket No. 96-98, RM 9101 (filed May 30, 1997).

are motivated to cooperate, as has been true of some BOCs trying to qualify for interLATA entry, it has often proven difficult to establish reliable interconnection arrangements. It is for these reasons that Congress made the establishment of these arrangements one of the prerequisites for interLATA entry for the BOCs.

The same incentive-based approach should be applied to pricing flexibility. As the Commission acknowledged in the Access Charge NPRM, it is sound policy to require the ILECs to remove all of the entry barriers to local competition (not just those applicable to a certain service) before considering any ILEC requests for further pricing flexibility.[25] Indeed, in light of the FCC's relatively limited authority to enforce Sections 251 and 252 under the Iowa Utilities decision,[26] the leverage the Commission holds in the context of pricing flexibility is one of the few ways for it to give independents such as GTE the incentive to cooperate in opening up the local market. With regard to the BOCs, rules permitting pricing flexibility at appropriate points in the development of competition will permit the Commission greater flexibility to monitor the development of competition in particular local markets (rather than states as a whole) than does the Section 271 process.

---

[25] See Access Charge NPRM at 21428-21432.

[26] See Iowa Utils. Bd. v. FCC, 1997 WL 403401 (8th Cir. 1997).

The absence of an incentive structure in the competitive necessity test makes it completely inappropriate for the local market. That test is designed to permit a carrier to lower its prices where there is an alternative, lower priced supply of a particular service. The second and third prongs of the test are designed to prevent undue discrimination and the provision of unreasonable and inefficient services in general. But they do not provide regulators the flexibility to require proof that the local market as a whole has been irretrievably opened to competition before the test has been met. The Commission must have this flexibility.

Second, it is doubtful that the Commission could rely on the competitive necessity standard or any other test to prevent ILECs from using contract tariffs such as RFPs to engage in predatory and strategic pricing before adequate competition has developed.[27] As Judge Greene found at the time of divestiture,

---

[27] Under a strategic pricing scheme, the ILEC could deter entry or expansion of entry by setting prices that will lead rivals to believe that the ILEC's reaction to entry or expansion will be extremely aggressive. This could be achieved either by (1) establishing a reputation as a "tough competitor" by dropping prices dramatically wherever entry takes place (thus proving that the ILEC is willing to drive out competition, even if it means lowering its prices below cost) or (2) convincing rivals that the ILEC is the low cost provider of services (this strategy requires, as is true in the telecommunications industry, that competitors not know what the ILECs' costs are). There is a brief summary of theory of strategic pricing in the article attached as Appendix 1 to the Direct Case. See A Larson, C. Monson, and P. Nobles, Competitive Necessity And Pricing In Telecommunications Regulation, 42 Fed. Comm. Commission L. J. 1, 10-11, 27 (1989). The article does not provide an explanation as to how the competitive necessity test could be applied to prevent this kind of behavior.

even sound rules and persistent and dedicated oversight by regulators did not prevent AT&T from engaging in anticompetitive behavior.[28] The present-day RBOCs and GTE are similarly too big and their incentives too powerful for regulators to stop anticompetitive behavior. Moreover, the high entry barriers for the local market as well as new entrants' disproportionate reliance on a small number of large customers make strategic pricing especially threatening in the local market context. As mentioned, the proper approach would therefore be for the Commission to delay the introduction of the pricing flexibility requested in this proceeding until an ILEC faces substantial competition from facilities-based competitors. Once a firm has sunk the costs required to enter the local market on a widespread basis, strategic pricing is unlikely to be successful.

The law review article submitted in support of the Direct Case does nothing to refute this point. The authors attempt to show that anticompetitive behavior is unlikely to be successful in the long distance market if the proper price floors are adopted (thus purportedly ensuring that a carrier's prices set below tariffs are not set below an appropriate measure of cost). But in making this argument, the authors rely heavily on characteristics of the long distance market that are not shared by the local market. For example, the authors repeatedly cite to the absence of entry barriers in long distance. But all new

---

[28] See United States v. Western Elec. Co., 673 F. Supp. 525, 568 (D.D.C. 1987).

entrants into the local market, even those relying solely on resale, face entry barriers (again, OSS is the best example). Moreover, the only form of competitive entry into the local market that would truly threaten the ILECs, facilities-based entry, requires firms to incur massive sunk costs. The analysis in the law review article is therefore completely inapposite to the instant situation.[29]

Furthermore, it must be recalled that the ILECs already possess considerable pricing flexibility with which to respond to competition. Lower price bands have now been eliminated, and the ILECs can offset price decreases for services with price increases for other services in the same price cap basket. The Commission has also allowed substantial volume and term discounts as well as geographic deaveraging for switched transport services upon a demonstration of some competition for those services. This level of flexibility is more than adequate for SWBT to respond to the competition it faces at this time.[30]

---

[29] Nor should the prospect of inefficient entry deter the Commission from delaying the introduction of further pricing flexibility. If prospective high-cost new entrants know that the ILECs will be granted further pricing flexibility upon the development of competition, they will be unlikely to invest substantial resources in "hit and run" entry into the access market.

[30] The only further pricing flexibility that could conceivably be necessary in the near future is to permit ILECs to respond to competition from purchasers of geographically deaveraged unbundled elements. This issue is not the subject of this proceeding, and in any case has not been demonstrated to be a problem at this time.

IV. THE DIRECT CASE CONTAINS INADEQUATE SUPPORT FOR PERMITTING SWBT TO FILE RFP TARIFFS IN THE MARKETS AT ISSUE.

Finally, regardless of the standard adopted for review of SWBT's tariff, the carrier has provided inadequate support for its request to file RFP tariffs. The existence of two alternative providers of high capacity service and generally misleading statements about the ILEC's share of the high capacity market[31] are hardly enough to determine whether SWBT has the ability to use RFP tariffs to engage in anticompetitive tactics. At the very least, that inquiry requires an examination of the competitiveness (including elasticity of supply and demand and prices SWBT has charged under price caps) of other services SWBT provides over the same facilities to determine its opportunities for cross-subsidy. Without such an analysis, SWBT might well be able to lower the price it charges for high capacity services by overallocating joint and common costs to other services.

The Commission's review of SWBT's request would also require a proper definition of the geographic market for high capacity services. This definition must be established so as to minimize the ILEC's opportunity to misallocate joint and common costs from a competitive geographic market to a less competitive geographic market.

---

[31] SWBT compares its purported 57% and 62% share of the high capacity market in Dallas and Houston with AT&T's 84.2% share of the interexchange marketplace in 1984 when the Commission approved its request to provide volume discounts under the competitive necessity standard. See Direct Case at 8. But this is a false comparison since SWBT's share of the overall access market in its region is certainly much higher than its share of the high capacity market.

Moreover, any analysis of SWBT's proposal would require the adoption of a methodology for determining SWBT's cost of providing high capacity services. Such a standard would then have to be applied to the ILEC's costs to ensure that its RFP tariff is not underpriced. It is critical that the general public have the right (if necessary, subject to an appropriate protective order) to review SWBT's costs to ensure that they have not been understated.

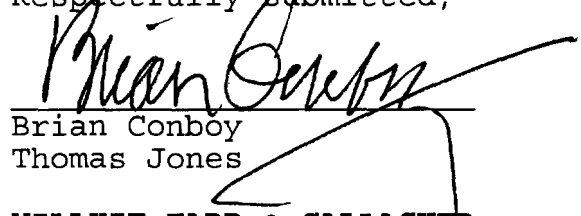
The Commission's inquiry must also include an examination into the extent to which other carriers have established reliable interconnection arrangements with SWBT. The fact that SWBT still lacks an FCC-approved virtual interconnection tariff alone shows that these arrangements have not been established.

SWBT has failed to provide adequate information for any of these inquiries. Under any standard, its request to file RFPs must therefore be rejected.

V. CONCLUSION

For the reasons described above, the Commission should reject Transmittal No. 2633 and should reject SWBT's proposal to adopt the competitive necessity test as the standard for determining whether ILECs may file RFP tariffs.

Respectfully submitted,



Brian Conboy
Thomas Jones

WILLKIE FARR & GALLAGHER
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20036
(202) 328-8000

ATTORNEYS FOR TIME WARNER COMMUNICATIONS HOLDINGS INC.

August 28, 1997

CERTIFICATE OF SERVICE

I, Catherine M. DeAngelis, do hereby certify that on this 28th day of August, 1997, copies of the foregoing "Opposition to Direct Case" were mailed, first class postage prepaid, unless otherwise indicated, to the following parties:

Don Sussman
Regulatory Analyst
MCI
1801 Pennsylvania Ave., NW
Washington, DC 20006

Leon M. Kestenbaum
Vice Pres./General Regulatory Counsel/Federal
Sprint Communications Company LP
1850 M Street, N.W. - 11th Floor
Washington, DC 20036

Competitive Pricing Division*
Federal Communications Commission
1919 M Street, NW
Room 518
Washington, DC 20554

Robert M. Lynch
Durward D. Dupre
Michael J. Zpevak
Thomas A. Pajda
Southwestern Bell Telephone Company
One Bell Center
Room 3520
St. Louis, Missouri 63101

James Schlichting, Chief*
Competitive Pricing Division
Federal Communications Commission
1919 M Street, NW
Room 518
Washington, DC 20554

Ava B. Kleinman
Mark C. Rosenblum
Seth S. Gross
AT&T Corp
295 North Maple Avenue
Room 3252J1
Basking Ridge, NJ 07920

ITS*
Room 246
1919 M Street, N.W.
Washington, DC 20554

Catherine M. DeAngelis

* Hand Delivered